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DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Financial Report

Year Ended December 31, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Downtown Development Authority
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities and major fund of Downtown Development Authority, (the Authority) a component unit of the Lafayette City-Parish Consolidated Government, as of and for the year ended December 31, 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and major fund of Downtown Development Authority, as of December 31, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated May 12, 2011, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 27 through 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information on the required supplementary information has been derived from the Authority's 2009 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Downtown Development Authority has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying financial information listed as "Other Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 12, 2011

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Statement of Net Assets
December 31, 2010

	Governmental Activities
ASSETS	
Cash on hand	$ 150
Cash and investments held by Lafayette Consolidated Government	955,340
Taxes receivable	214,323
Due from other governmental agencies	145,908
Capital assets:	
Non-depreciable	21,000
Depreciable, net	60,212
Total assets	$1,396,933
LIABILITIES	
Accounts payable	$ 26,906
Accrued liabilities	3,446
Due to primary government	3,281
Long-term liabilities:	
Portion due or payable within one year	179,159
Portion due or payable after one year	10,678
Total liabilities	223,470
NET ASSETS	
Invested in capital assets	81,212
Unrestricted	1,092,251
Total net assets	1,173,463
Total liabilities and net assets	$1,396,933

The accompanying notes are an integral part of the basic financial statements.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Statement of Activities
For the Year Ended December 31, 2010

Activities	Expenses	Program Revenues Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets Governmental Activities
Governmental activities:			
General government	$ 12,326	$ -	$ (12,326)
Economic development	397,059	38,192	(358,867)
Total governmental activities	$ 409,385	$ 38,192	(371,193)
	General revenues:		
	Property taxes		358,264
	Interest and investment earnings		6,565
	Miscellaneous		-
	Total general revenues		364,829
	Change in net assets		(6,364)
	Net assets - January 1, 2010		1,179,827
	Net assets - December 31, 2010		$ 1,173,463

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Balance Sheet - Governmental Fund
December 31, 2010

	General Fund
ASSETS	
Cash on hand	$ 150
Cash and investments held by Lafayette Consolidated Government	955,340
Taxes receivable	214,323
Due from other governmental agencies	145,908
Total assets	$1,315,721
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 26,906
Accrued liabilities	3,446
Deferred revenue	360,231
Due to primary government	3,281
Total liabilities	393,864
Fund balance:	
Unreserved-	
Designated for subsequent year's expenditures	921,857
Total liabilities and fund balance	$1,315,721

The accompanying notes are an integral part of the basic financial statements.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Assets
December 31, 2010

Total fund balance for the governmental fund at December 31, 2010		$ 921,857
Add:		
Capital assets at December 31, 2010	$ 112,603	
Less: Accumulated depreciation	(31,391)	81,212
Add:		
All of the Authority's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the fund.		360,231
Less:		
Noncurrent liabilities applicable to the Authority's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and noncurrent are reported in the statement of net assets.		
Balances at December 31, 2010 are:		
Other post employment benefits		(6,278)
Compensated absences		(183,559)
Total net assets of governmental activities at December 31, 2010		$ 1,173,463

The accompanying notes are an integral part of the basic financial statements.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Year Ended December 31, 2010

	General Fund
Revenues:	
Ad valorem taxes	$ 347,495
Intergovernmental	38,192
Interest income	6,565
Total revenues	392,252
Expenditures:	
General government	12,326
Economic development	367,884
Capital Outlay	1,902
Total expenditures	382,112
Net change in fund balance	10,140
Fund balance, beginning	911,717
Fund balance, ending	$ 921,857

The accompanying notes are an integral part of the basic financial statements.

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2010

Total net change in fund balance for the year ended December 31, 2010 per Statement of Revenues, Expenditures and Changes in Fund Balance		$ 10,140
Add: Revenue in the statement of activities that does not provide current resources	$ 10,769	
Add: Change in capital assets for the year ended December 31, 2010	1,902	
Less: Depreciation expense for the year ended December 31, 2010	(3,360)	
Less: Net change in other post employment benefits for the year ended December 31, 2010	(1,432)	
Less: Net change in accrued compensated absences for the year ended December 31, 2010	(24,383)	(16,504)
Total change in net assets for the year ended December 31, 2010 per Statement of Activities		$ (6,364)

The accompanying notes are an integral part of the basic financial statements.

(1) Summary of Significant Accounting Policies

The accompanying financial statements of Downtown Development Authority (Authority) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

Downtown Development Authority is a component unit of the Lafayette City-Parish Consolidated Government (Government). The Authority was created by the Louisiana Legislature to implement various plans to aid and encourage both private and public development of the Lafayette Centre Development District. Intergovernmental funding is provided by the Government as per an ordinance adopted on May 5, 1987 which dedicated a portion of the loan repayment proceeds pertaining to an Urban Development Action Grant collected by the Government to the Authority. The Authority also receives ad valorem taxes originally approved by the voters of the District in 1993 and renewed for a period of 15 years in 2008.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include the fund of the reporting entity, which is considered to be a governmental activity.

The statement of activities presents both the gross and net cost of each for each function of the Authority's governmental activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants column reflects capital-specific grants. The Authority has no capital grants in fiscal year 2010.

Fund Financial Statements (FFS)

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The fund of the Authority is classified as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Authority has only one fund, its General Fund. A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major fund of the Authority is described below:

Governmental Fund -

General Fund

The General Fund, as provided by Louisiana Revised Statute 13:781 is the principal fund of the Authority and is used to account for the operations of the Authority. General operating expenditures are paid from this fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net assets. In the fund financial statements, the "current financial resources" measurement focus is used. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues are classified by source and expenditures are classified by function and character. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On a modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. The Authority considers property taxes as "available" in the year following the assessment when the majority of the taxes are collected. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

D. <u>Assets, Liabilities and Equity</u>

Cash and investments held by Lafayette Consolidated Government

For purposes of the statement of net assets, cash and investments include all demand accounts, savings accounts, and certificates of deposits of the Authority and those included in the Lafayette Consolidated Government's internal investment pool, as further described in Note 2.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment, furniture and fixtures	5- 10 years

Employee Benefit Policy

Employees of the Authority earn vacation pay in varying amounts ranging from 8 hours per month to 16 hours per month, depending upon length of service. At the end of each year employees may carryforward vacation time earned but not taken with the maximum allowable carryover of unused vacation time being equal to one year's accumulated vacation time. Subject to the above limitation, unused vacation is paid to an employee upon retirement or resignation at hourly rates being earned by that employee at separation.

All employees are entitled to 12 days sick pay after being employed for three months, and any unused sick leave may be carried forward without limitation. No sick pay is paid upon resignation. Employees separated due to retirement or death are paid for all accumulated sick leave at the hourly rates being earned by that employee at separation.

In the government-wide financial statements, the Authority accrued accumulated unpaid vacation and sick leave and associated related costs when earned (or estimated to be earned) by the employee. The current portion is the amount estimated to be used/paid in the following year. The remainder is reported as non-current. In accordance with GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements," no compensated absences liability is recorded in the governmental fund financial statements.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in two components:

a. Invested in capital assets – Consists of capital assets including restricted capital assets net of accumulated depreciation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested" in capital assets.

The Authority has no restricted net assets at December 31, 2010.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

E. Budgets and Budgetary Accounting

The Downtown Development Authority follows the procedures detailed below in adopting its budget:

1. An annual budget, prepared on a basis consistent with generally accepted accounting principles as applied to governmental units, is adopted for the General Fund. The budget is proposed by the Executive Director and adopted by the Board. It is then sent to the Lafayette City-Parish Consolidated Government Council for approval.

2. Any amendments must be approved by the Board and the Lafayette City-Parish Consolidated Government Council. All appropriations lapse at the end of the fiscal year unless carried by Board action.

All budgeted amounts presented reflect the original budget and the final amended budget (which has been adjusted for legally authorized revisions during the year).

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Investments

Under State law, the Authority may invest in United States bonds, treasury notes, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in the State of Louisiana. In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments meeting the criteria specified in the Statement are stated at fair value, which is either a quoted market price or the best estimate available. Investments which do not meet the requirements are stated at cost. These investments include overnight repurchase agreements. U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less are shown at amortized cost. As discussed more fully in Note 2, the Authority participates in the Lafayette Consolidated Government's internal investment pool.

(2) Cash and Investments

The Authority's cash and investments are included in the Lafayette Consolidated Government's (the Government's) Cash Management Fund, which is pooled with the Government's other investments. Interest earned from the pooled cash management fund is apportioned to each fund based on its average daily cash balance. At December 31, 2010, all of the Authority's cash and investments were being held in this pool with the exception of $150 of petty cash. For the year ended December 31, 2010, the Authority's portion of unrealized gains and losses in the investment pool were immaterial. A listing of the Authority's investments at December 31, 2010 follows:

Investment pool managed by Lafayette Consolidated Government (maturity of less than one year)	$ 955,340

Cash and investments include bank balances and investments that at the balance sheet date were entirely insured or collateralized with securities held by the Authority or by its agent in the Authority's name. Cash balances are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all time equal the amount on the deposit with the fiscal agent. The Authority has no custodial credit risk associated with these deposits.

As a component unit of the Consolidated Government of Lafayette, Louisiana, the Authority follows the Cash Management Rules and Guidelines of the Lafayette City-Parish Consolidated Government. Following are the risks associated with the rules and guidelines:

Interest Rate Risk: As a means of limiting its exposure to fair-value losses arising from rising interest rates, the Authority's investment policy limits the investment portfolio to "money market instruments, which are defined as very creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

Credit Risk: The Authority's Investment Policy limits investments to fully insured and/ or fully-collateralized certificates of deposits and direct and indirect obligations of the U.S. government agencies. At December 31, 2010, the Authority's investments in the Federal Home Loans Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Company (within the Government's investment pool) was rated AAA by Standard and Poor's and Aaa by Moody's Investment Service.

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied and billed to the taxpayers by the Lafayette Consolidated Government in December. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Lafayette Parish Tax Assessor and are collected by the Lafayette Parish Sheriff.

For the year ended December 31, 2010, taxes were levied at the rate of 10.91 mills on property with assessed valuations totaling $33,936,795.

Total taxes levied, exclusive of homestead exemptions, were $360,231 for 2010. Taxes receivable at December 31, 2010 were $214,323.

(4) Due from Governmental Agencies

The balance in due from governmental agencies of $145,908 consisted of ad valorem taxes collected by the Lafayette Parish Sheriff at December 31, 2010.

(5) Capital Assets

Capital asset balances and activity for the year ended December 31, 2010 are as follows:

	Balance 01/01/10	Additions	Deletions	Balance 12/31/2010
Land	$ 21,000	$ -	$ -	$ 21,000
Buildings	71,547	-	-	71,547
Equipment, furniture and fixtures	18,154	1,902	-	20,056
Totals	110,701	1,902	-	112,603
Less: Accumulated depreciation	28,031	3,360	-	31,391
Net capital assets	$ 82,670	$ (1,458)	$ -	$ 81,212

Depreciation expense in the amount of $3,360 was charged to economic development.

(6) Employee Retirement System

The Authority participates in the Municipal Employees Retirement System (MERS) and Parochial Employees' Retirement System (PERS). These systems are statewide multi-employer, public employee retirement systems which cover all Downtown Development Authority's employees. Authority employees participate in one of the following retirement systems:

A. Municipal Employees' Retirement Systems (MERS)

Plan description: Employees are eligible to retire under Plan A of the System at age 60 with 10 years of creditable service, or at any age with 25 years of creditable service. Monthly benefits consist of 3% of a member's final compensation, multiplied by years of service with certain limitations. The System also provides disability and survivor benefits. All benefits are established by state statute. MERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy: Plan members are required to contribute 9.25% of their annual covered salary and the Authority is required to contribute at an actuarially determined rate. The rate was 13.50%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contributions to MERS for the years ended December 31, 2010, 2009 and 2008 were $13,322, $13,545, and $12,576, respectively, equal to the required contribution each year.

B. Parochial Employees' Retirement System (PERS)

Plan description: Members of the plan may retire with 30 years of creditable service regardless of age, with 25 years of service at age 55, and with 10 years of service at age 60. Benefit rates are 1% of final compensation (average monthly earnings during the highest 36 consecutive months, or joined months if service was interrupted) plus $2.00 per month for each year of service credited prior to January 1, 1980, and 3% of final compensation for each year of service after January 1, 1980. The System also provides disability and survivor benefits. Benefits are established by state statue. PERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898.

Funding policy: Plan members are required to contribute 9.50% of their annual covered salary to the plan and the Authority is required to contribute at an actuarially determined rate. The rate was 12.25%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contribution to PERS for the years ended December 31, 2010, 2009 and 2008 were $3,335, $3,389, and $3,120 respectively, equal to the required contribution each year.

(7) Risk Management

The Authority is exposed to risks of loss in the areas of auto and property liability and surety bonds. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(8) Litigation

As of December 31, 2010, the Authority is not involved in any litigation.

(9) Compensation of Board Members

No compensation was paid to Authority Board members during the year ended December 31, 2010.

(10) Long-term Debt

During the year ended December 31, 2010, the following changes occurred in the liability reported as long-term obligations.

	Balance 01/01/10	Increases	Decreases	Balance 12/31/10
Other post emplyment benefits	$ 4,846	$ 1,791	$ (359)	$ 6,278
Compensated absences	159,176	29,798	(5,415)	183,559
Total long-term debt	$ 164,022	$ 31,589	$ (5,774)	$ 189,837

(11) Post Retirement Health Care and Life Insurance Benefits

Plan Description: The Authority's medical and life insurance benefits are provided through insured programs and are made available to employees upon actual retirement.

Employees are covered by two different Retirement Systems: Municipal Employees Retirement System (MERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service and the Parochial Employees Retirement System (PERS), whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service.

Life insurance coverage of $10,000 is available to retirees by election. The retiree pays 100% of the "cost" of the retiree life insurance. Because these premiums were blended with the medical premiums at the time of the actuarial valuation performed on January 1, 2008 and GASB 45 requires the use of "unblended" rates for valuation purposes, which results in an implicit subsidy of the retiree life insurance cost by the employer, the 94GAR mortality table described above was used to "unblend" the rates so as to reproduce the composite blended rate overall as the rate structure to calculate the actuarial valuation results for life insurance. All of the assumptions used for the valuation of the medical benefits were used except for the trend assumption; zero trend was used for life insurance. Insurance coverage for retirees ceases at age 70. As of the actuarial valuation performed on January 1, 2010, the life insurance premiums are unblended; therefore, an adjustment was made removing the implied subsidy from the current year OPEB cost calculation in the fiscal year ending December 31, 2010.

Contribution Rates: Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding Policy: Until 2008, the Authority recognized the cost of providing post-employment medical and life benefits (the Authority's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of post-employment benefits on a pay-as-you-go basis. Effective with the fiscal year beginning January 1, 2008, the Authority implemented Government Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding cost.

In the fiscal year ending December 31, 2010, the Authority's portion of health care funding cost for retired employees $-0- and life totaled $-0-. These amounts were applied toward the Net OPEB Benefit Obligation as shown below.

Annual Required Contribution: The Authority's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning January 1, 2010 is $1,601 for post-employment benefits, as set forth below:

	Medical	Life	Total
Normal Costs	$ 739	$ -	$ 739
30-year UAL amortization amount	862	-	862
Annual required contribution	$ 1,601	$ -	$ 1,601

Net Other Post-employment Benefit Obligation: The table below shows the Authority's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2010:

	Medical	Life	Total
Annual required contribution	$ 1,601	$ -	$ 1,601
Interest on Net OPEB Obilgation	190	-	190
ARC adjustment	(275)	-	(275)
Adjustment for unblended life insurance premiums	-	(84)	(84)
OPEB Cost	1,516	(84)	1,432
Contributions made	-	-	-
Change in Net OPEB Obligation	1,516	(84)	1,432
Beginning Net OPEB Obligation, 1/1/10	4,762	84	4,846
Ending Net OPEB Obligation, 12/31/10	$ 6,278	$ -	$ 6,278

The Authority's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset) for 2008, 2009 and 2010 follows:

	Post Employment Benefit	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
Fiscal year ending:				
December 31, 2008-				
	Medical	$ 2,336	0.0%	$ 2,336
	Life	41	0.0%	41
Total		$ 2,377		$ 2,377
December 31, 2009-				
	Medical	$ 2,426	0.0%	$ 4,762
	Life	43	0.0%	84
Total		$ 2,469		$ 4,846
December 31, 2010-				
	Medical	$ 1,516	0.0%	$ 6,278
	Life	(84)	0.0%	-
Total		$ 1,432		$ 6,278

Funded Status and Funding Progress: In the fiscal year ending December 31, 2010, the Authority made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of January 1, 2010, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was $14,899, which is defined as that portion, as determined by a particular actuarial cost method (Downtown Development Authority uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010, the entire actuarial accrued liability of $14,899 was unfunded.

	Medical	Life	Total
Actuarial Accrued Liability (AAL)	$ 14,899	$ -	$ 14,899
Actuarial Value of Plan Assets	-	-	-
Unfunded Act Accrued Liability (UAAL)	14,899	-	14,899
Funded Ratio (Act Val. Assets/AAL)	0%	N/A	0%
Covered payroll (active plan members)	$ 179,860	N/A	$ 179,860
UAAL as a percentage of covered payroll	8.28%	N/A	8.28%

The schedule of funding progress included in required supplementary information following the notes to the financial statements present multi-year trend information the shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions: Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Downtown Development Authority and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Downtown Development Authority and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Downtown Development Authority and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method: The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets: Since the OPEB obligation has not, as yet, been funded, there are not any assets. It is anticipated that in future valuations, should a funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate: An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 13.75%. The rates for each age are below:

Age	% Turnover
18 - 25	25.0%
26 - 40	15.0%
41 - 54	12.0%
55+	8.0%

Investment Return Assumption (Discount Rate): GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate: The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

Mortality Rate: The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits: The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The medical rates provided are "blended" rates for active and retired. Since "unblended" rates are required by GASB 45 for valuation purposes, we have estimated the unblended retiree rates for pre-Medicare eligibility as being 130% of the blended rates. Coverage is not provided for retirees after Medicare eligibility.

(12) Subsequent Event Review

The Authority's management has evaluated subsequent events through May 12, 2011, the date which the financial statements were available to be issued.

REQUIRED
SUPPLEMENTARY INFORMATION

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund
Year Ended December 31, 2010
With Comparative Actual Amounts for Year Ended December 31, 2009

	2010				
	Budget			Variance - Favorable	2009
	Original	Final	Actual	(Unfavorable)	Actual
Revenues:					
Taxes- ad valorem	$349,460	$ 349,460	$347,495	$ (1,965)	$339,534
Intergovernmental	38,193	38,193	38,192	(1)	38,193
Interest	12,000	12,000	6,565	(5,435)	18,382
Miscellaneous revenue	-	-	-	-	87
Total revenues	399,653	399,653	392,252	(7,401)	396,196
Expenditures:					
General government-					
Charges for collection of taxes	12,231	12,231	12,326	(95)	11,881
Economic development-					
Operations-					
Personnel costs	222,937	222,937	219,498	3,439	219,680
Supplies and materials	4,000	4,000	2,708	1,292	3,983
Travel and meetings	4,500	4,500	1,818	2,682	2,449
Telecommunication	3,000	3,000	2,218	782	2,245
Printing and postage	1,900	1,900	1,065	835	1,190
Equipment maintenance	3,000	3,000	403	2,597	1,664
Other insurance premiums	1,500	1,500	792	708	1,153
Rent	3,096	3,096	3,096	-	3,096
Supplemental services	135,230	135,230	76,139	59,091	41,679
Contractual services	6,000	6,000	6,229	(229)	4,648
Marketing/ business development	83,398	83,398	35,269	48,129	52,981
Other	3,300	3,300	1,813	1,487	1,867
Total operations	471,861	471,861	351,048	120,813	336,635
Capital project development	433,907	433,907	16,836	417,071	4,378
Total economic development	905,768	905,768	367,884	537,884	341,013
Capital outlay	1,902	1,902	1,902	-	-
Total expenditures	919,901	919,901	382,112	537,789	352,894
Excess (deficiency) of revenues over expenditures	(520,248)	(520,248)	10,140	530,388	43,302
Fund balance, beginning	878,689	878,689	911,717	33,028	868,415
Fund balance, ending	$358,441	$ 358,441	$921,857	$ 563,416	$911,717

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Schedule of Funding Progress of OPEB Plan
Year Ended December 31, 2010

Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Date	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2008	1/1/2008	$ -	$ 21,834	$ 21,834	0%	$171,768	12.71%
12/31/2009	1/1/2008	$ -	$ 21,834	$ 21,834	0%	$178,273	12.25%
12/31/2010	1/1/2010	$ -	$ 14,899	$ 14,899	0%	$179,860	8.28%

OTHER SUPPLEMENTARY INFORMATION

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Comparative Balance Sheet - Governmental Fund
December 31, 2010 and 2009

	General Fund	
	2010	2009
ASSETS		
Cash on hand	$ 150	$ 150
Cash and investments held by Lafayette Consolidated Government	955,340	979,274
Taxes receivable	214,323	56,783
Due from other governmental agencies	145,908	240,053
Total assets	$1,315,721	$1,276,260
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$ 26,906	$ 12,379
Accrued salaries and benefits	3,446	2,702
Deferred revenue	360,231	349,462
Due to primary government	3,281	-
Total liabilities	393,864	364,543
Fund balance:		
Unreserved-		
Designated for subsequent year's expenditures	921,857	520,248
Undesignated	-	391,469
Total fund balance	921,857	911,717
Total liabilities and fund balance	$1,315,721	$1,276,260

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
Years Ended December 31, 2010 and 2009

	General Fund	
	2010	2009
Revenues:		
Ad valorem taxes	$ 347,495	$ 339,534
Intergovernmental	38,192	38,193
Interest income	6,565	18,382
Miscellaneous revenue	-	87
Total revenues	392,252	396,196
Expenditures:		
General government	12,326	11,881
Economic development-		
Operations	351,048	336,635
Capital project development	16,836	4,378
Total economic development	367,884	341,013
Capital Outlay	1,902	-
Total expenditures	382,112	352,894
Excess of revenues over expenditures	10,140	43,302
Fund balance, beginning	911,717	868,415
Fund balance, ending	$ 921,857	$ 911,717

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Downtown Development Authority
Lafayette, Louisiana

We have audited the financial statements of the governmental activities and the major fund of Downtown Development Authority (the Authority), a component unit of the Lafayette City-Parish Consolidated Government as of and for the year ended December 31, 2010, which comprise the Authority's basic financial statements and have issued our report thereon dated May 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
May 12, 2011

DOWNTOWN DEVELOPMENT AUTHORITY
Lafayette, Louisiana

Schedule of Findings and Responses
For the Year Ended December 31, 2010

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unqualified opinion on the financial statements.

2. No significant deficiencies and no material weaknesses in internal control were disclosed by the audit of the financial statements.

3. No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

No matters were reported.